

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE
AND
DEPARTMENT OF HEALTH
JOINT BULLETIN 93-7

Issued this 26th day of
August, 1993

TO: ALL HEALTH CARRIERS LICENSED TO DO BUSINESS IN MINNESOTA

RE: Effect of MNCare Requirements Regarding Employee and Spouse Rates

Gender-based rates are prohibited by 62L.08 Subdivision 5 which states:

Beginning July 1, 1993, no health carrier may determine premium rates through a method that is in any way based upon the gender of eligible employees or dependents.


62L.08 Subdivision 6 allows the use of rate cells based on the number of adults and children covered under the policy. This subdivision allows the use of family size as a rating variable but does not allow the use of gender in the calculation of the rates by rate cell.

The rating structures filed by some carriers include different rates for Employees and Spouses, or Employee + Spouse rates which are clearly based upon different employee and spouse rates. In many cases, the Spouse rates are higher than the Employee rates of the same age (or the Employee + Spouse rates are higher than 2 times the Employee rate). The difference is particularly significant at the younger ages where the Spouse rates of some carriers are as much as 200% of the corresponding Employee rates.

Since gender-based rating is prohibited in order to comply with 62L.08, Spouse rates must equal the Employee rates of the same age (or Employee + Spouse rates must be 2 times the corresponding Single Employee rate.) Rates for other rate cells (for example, Family) must also be shown to comply with the prohibition on gender-based rating. Rates in both the individual and small employer markets must meet these restrictions to be approved. This will require some carriers to refile their rates.

Rates for all health benefit plans issued and renewed on or after October 1, 1993 must comply with 62L.08 Subdivision 5 as stated above. Retro-active rate adjustment for health benefit plans issued or renewed prior to October 1 will not be required. (Retro-active rate adjustment will be required for noncompliance with any other requirement of 62A and 62L.)

If you have any questions, contact Kent Peterson (612) 282-5616, John Gross (612) 296-6929, Dori Petersen, (612) 296-8949 or Brian Pennington (612) 296-8218.


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